

## Enclosure 2: California Opioid Settlements Glossary

The California Department of Health Care Services (DHCS) has developed this resource for the purpose of providing guidance to California's Participating Subdivisions receiving funds from opioid settlements.<sup>1</sup> These terms derive from the National Opioid Settlement Agreements, California State-Subdivision Agreements, or have been defined by DHCS to provide additional clarity to California's Participating Subdivisions.

**Allowable Expenditures** means one or more of the opioid remediation activities described in Exhibit E and California's High Impact Abatement Activities, and reasonable administrative costs tied to opioid remediation in communities. It also includes litigation fees and expenses for Plaintiff Subdivisions, as permitted in the California State-Subdivision Agreements.

**Approved Uses** see **Allowable Expenditures**.

**California ("CA") Abatement Accounts Fund** means the component of the California Settlement Fund (70%) allocated to Participating Subdivisions to be used for future opioid remediation.

**California ("CA") State Fund** means the component of the California Settlement Fund (15%) allocated to the State of California to be used by the State for future opioid remediation.

**California ("CA") Subdivision Fund** means the component of the California Settlement Fund (15%) allocated to Plaintiff Subdivisions to be used towards future opioid remediation and to reimburse past opioid-related expenses, which may include litigation fees and expenses.

**Capital Facilities** means a building secured to a foundation, which is permanently affixed to the ground and used to deliver services to individuals with a substance use disorder (SUD) and their families. Participating Subdivisions may use funds from opioid settlements to acquire, develop, or renovate such buildings or to purchase land in anticipation of acquiring/constructing a building. Capital Facility expenditures must result in a capital asset, which permanently increases the Participating Subdivision's SUD infrastructure (i.e., acquisition of buildings rather than rental or leased buildings). Acquisitions must result in expanding the capacity of/access to existing SUD services or providing new SUD services.

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<sup>1</sup> Opioid settlements in this instance refers to final and proposed agreements between the State of California and opioid distributors and manufacturers: Janssen Pharmaceuticals and Johnson & Johnson (collectively "Janssen"); McKesson, Cardinal Health, and AmerisourceBergen (collectively, Distributors); Teva; Allergan; and pharmacies Walgreens, Walmart, and CVS (collectively, The Pharmacies), as well as any future opioid settlement agreements which follow the structure of these agreements.

**Capital Outlay** means the purchase of land and projects involving construction of new SUD facilities or renovation of existing facilities (Capital Facilities) to create new and/or accommodate SUD program/facility expansion.

**Cooperative Partnership / Joint Venture** means a partnership formed by two or more Participating Subdivisions or a Participating Subdivision and an organization for the purpose of implementing an opioid remediation project.

**Core Strategies** means the opioid remediation strategies listed in Schedule A of [Exhibit E](#) that shall be given priority when determining use of settlement funds. Core Strategies are identified, effective opioid remediation activities that can be implemented to extend or expand the capacity of/access to existing SUD services or provide new SUD services.

**Direct Costs** means costs that can be identified specifically with a particular final cost objective, such as an internally or externally funded activity, or that can be directly assigned to such activities with a high degree of accuracy.

**Encumbered Funds** means funds in an account owned by a Participating Subdivision that are reserved, obligated, or committed for a specific future opioid remediation expense. Funds from the opioid settlements may be encumbered, as specified in the California State-Subdivision Agreement.

**Evidence-based** means the use of current research and the best available data to guide policy and program decisions, such that outcomes for individuals are improved. Evidence-based approaches involve an ongoing, critical review of research literature to determine what policies, programs, and activities would be most effective given the best available evidence and can be replicated with fidelity.

**Evidence-informed** means a program or activity that has not been evaluated in a rigorous research study but does incorporate all the key features found in effective evidence-based programs (component elements have been informed and based on data and empirical evidence). For example, an evidence-informed program or effort might be so new and unique that there is no evidence the program itself is effective, but each component of that program has been informed through evidence.

**Expenditure** means costs associated with implementing planning activities and programs for opioid remediation.

**Fiscal Year ("FY")** means the State of California Fiscal Year, which begins on July 1<sup>st</sup> and ends on June 30<sup>th</sup> of each year.

**High Impact Abatement Activities ("HIAA")** means the list of opioid remediation activities the State of California has designated as priority areas for use of funds received from opioid settlements. This list of activities can be found in Section 4b. ii of the relevant California State-Subdivision Agreements and DHCS Behavioral Health Information Notice No.: 24-002, and any revision thereto.

**Indirect Costs** means costs incurred for a common or joint purpose benefiting more than one cost objective and not readily assignable to direct cost objectives.

**National Settlement Fund Administrator** means BrownGreer, PLC or any future entity that determines the annual payments (including calculating incentive payments and any amounts subject to suspension, offset, or reduction), annually determines the participation tier, administers the Settlement Fund, and distributes amounts into the CA Abatement Accounts Fund, CA State Fund, and CA Subdivision Fund.

**Opioid Remediation / Opioid Remediation Activities** means care, treatment, and other programs and expenditures designed to (1) address the misuse and abuse of opioid products, (2) treat or mitigate opioid use or related disorders, or (3) mitigate other alleged effects of, including on those injured, as a result of the opioid crisis.

**Opioid Settlements Fund (“OSF”)** means the fund created by the State Treasury to allocate monies to the State of California for state-directed opioid remediation, pursuant to Government Code, Title 2, Division 3, Part 2, Chapter 6, Article 2, Section 12534.

**Participating Subdivision** means a city, county, or political subdivision participating in the California Opioid Settlement Agreements that is either identified as a Plaintiff Subdivision or identified as a Primary Subdivision with a population equal to or greater than 10,000.

**Plaintiff Subdivision** means a Subdivision located in California, other than a CA Litigating Special District, that filed a lawsuit, on behalf of the Subdivision and/or through an official of the Subdivision on behalf of the People of the State of California, against one or more opioid defendants prior to October 1, 2020.

**Reallocation** means the amount of funds a Participating Subdivision distributes to or receives from another Participating Subdivision after receiving their allocation from the national settlement administrator (i.e., the annual payment date). Reallocations do not include funds automatically transferred to a county due to a local city opting out of direct payment with the national settlement administrator.

**State-Subdivision Agreement** means the agreement that California reached with Participating Subdivisions regarding the allocation, distribution, and/or use of funds received from opioid settlements.